

EXHIBIT H

10QSB 1 v084684_10qsb.htm

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10QSB

(Mark One)

☒ Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2007.

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

For the Period Ended June 30, 2007

Commission file number 000-33415

CYBERLUX CORPORATION

(Name of Small Business Issuer in Its Charter)

Nevada
 (State of Incorporation)

91-2048978
 (IRS Employer Identification No.)

4625 Creekstone Drive
 Suite 130
 Research Triangle Park
 Durham, NC 27703

(Address of Principal Executive Offices)

(919) 474-9700

Issuer's Telephone Number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 13, 2007, the Company had 507,470,274 shares of its par value \$0.001 common stock issued and outstanding.

Transitional Small Business Disclosure Format (check one):

Yes ☐ No ☒

CYBERLUX CORPORATION

Quarterly Report on Form 10-QSB for the
Quarterly Period Ending June 30, 2007

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CYBERLUX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

| | (unaudited) | |
|--|--------------|--------------|
| | June 30, | December 31, |
| | 2007 | 2006 |
| ASSETS | | |
| Current assets: | | |
| Cash & cash equivalents | \$ 66,964 | \$ 395,812 |
| Accounts receivable, net of allowance for doubtful accounts of \$40,609 and \$23,502, respectively | 52,268 | 177,085 |
| Inventories, net of allowance of \$102,660 | 150,636 | 197,771 |
| Other current assets | 7,219 | 22,232 |
| Total current assets | 277,087 | 792,900 |
| Property, plant and equipment, net of accumulated depreciation of \$153,114 and \$141,465, respectively | 61,792 | 58,313 |
| Other assets | | |
| Deposits | 23,350 | 23,350 |
| Patents and development costs, net of accumulated amortization of \$556,695 and \$293,750, respectively | 3,418,279 | 2,294,224 |
| Total other assets | 3,441,629 | 2,317,574 |
| Total Assets | \$ 3,780,508 | \$ 3,168,787 |
| LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 737,948 | \$ 564,875 |
| Accrued liabilities | 1,850,022 | 1,694,220 |
| Short-term notes payable - related parties | 362,095 | 454,162 |
| Short-term notes payable | - | 47,399 |
| Short-term convertible notes payable | 576,251 | 604,187 |
| Total current liabilities | 3,526,316 | 3,364,843 |
| Long-term liabilities: | | |
| Notes payable | 1,638,092 | 1,580,621 |
| Derivative liability relating to convertible debentures | 19,788,241 | 8,201,086 |
| Warrant liability relating to convertible debentures | 747,779 | 2,954,080 |
| Total long-term liabilities | 22,174,112 | 12,735,787 |
| Total liabilities | 25,700,428 | 16,100,630 |
| Commitments and Contingencies | | |
| Series A convertible preferred stock, \$0.001 par value; 200 shares designated, 28.9806 and 38.9806 issued and outstanding as of June 30, 2007 and 2006, respectively | 144,900 | 194,900 |
| DEFICIENCY IN STOCKHOLDERS' EQUITY | | |
| Class B convertible preferred stock, \$0.001 par value, 3,650,000 shares designated; 3,650,000 and 800,000 shares issued and outstanding for June 30, 2007 and December 31, 2006, respectively | 3,650 | 800 |
| Class C convertible preferred stock, \$0.001 par value, 700,000 shares designated; 150,000 and 100,000 shares issued and outstanding for March 31, 2007 and December 31, 2006, respectively | 150 | 100 |
| Common stock, \$0.001 par value, 700,000,000 shares authorized; 405,572,899 and 128,279,157 shares issued and outstanding as of June 30, 2007 and December 31, 2006, respectively | 405,573 | 128,279 |
| Subscription received | - | 25,000 |

| | | |
|--|---------------------|---------------------|
| Additional paid-in capital | 15,193,605 | 12,186,420 |
| Accumulated deficit | <u>(37,667,798)</u> | <u>(25,467,342)</u> |
| Deficiency in stockholders' equity | <u>(22,064,820)</u> | <u>(13,126,743)</u> |
| Total liabilities and (deficiency) in stockholders' equity | <u>\$ 3,780,508</u> | <u>\$ 3,168,787</u> |

The accompanying notes are an integral part of these financial statements

CYBERLUX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------------|---------------------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| REVENUE: | \$ 173,893 | \$ 83,026 | \$ 223,355 | \$ 130,226 |
| Cost of goods sold | (134,356) | (20,980) | (174,676) | (74,667) |
| Gross margin (loss) | 39,537 | 62,046 | 48,679 | 55,559 |
| OPERATING EXPENSES: | | | | |
| Depreciation | 5,715 | 5,842 | 11,649 | 13,107 |
| Research and development | 9,772 | 75,537 | 79,485 | 114,363 |
| General and administrative expenses | 1,348,501 | 1,018,995 | 2,235,781 | 2,366,724 |
| Total operating expenses | 1,363,987 | 1,100,374 | 2,326,914 | 2,494,194 |
| NET LOSS FROM OPERATIONS | (1,324,450) | (1,038,328) | (2,278,235) | (2,438,635) |
| Other income/(expense) | 381,652 | - | 381,652 | - |
| Debt forgiveness | - | 36,799 | - | 36,799 |
| Unrealized gain (loss) relating to adjustment of derivative and warrant liability to fair value of underlying securities | (12,586,339) | 836,071 | (9,062,507) | 3,159,257 |
| Interest expense, net | (670,198) | (740,456) | (1,197,998) | (1,478,586) |
| Debt acquisition costs | (54,790) | (2,992) | (43,370) | (9,479) |
| Net loss before provision for income taxes | (14,254,123) | (908,906) | (12,200,456) | (730,644) |
| Income taxes (benefit) | - | - | - | - |
| LOSS AVAILABLE TO COMMON STOCKHOLDERS | \$ (14,254,123) | \$ (908,906) | \$ (12,200,456) | \$ (730,644) |
| Weighted average number of common shares outstanding-basic and assuming fully diluted | 294,593,637 | 88,460,138 | 242,095,994 | 84,395,457 |
| Loss per share-basic and assuming fully diluted | \$ (0.05) | \$ (0.01) | \$ (0.05) | \$ (0.01) |
| Preferred dividend | \$ 24,000 | \$ 24,000 | \$ 48,000 | \$ 48,000 |

The accompanying notes are an integral part of these financial statements